

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
(LETTERHEAD - ADDRESS)

3104 (Office Code)

BLM Bond No

Lease Serial No.

Name/Address of Requestor

Dear _____:

This is in response to your letter dated (Date), requesting an unconditional release on all past, present, and future liabilities under (Surety bond number), with (Name) as principal and (Name) as surety. We cannot provide such a letter.

The regulations at 43 CFR 3104.8 state, "The authorized officer shall not give consent to termination of the period of liability of any bond unless an acceptable replacement bond has been filed or until all the terms and conditions of the lease have been met." When the BLM Field Offices concur in termination of the period of liability, it means that they have determined, to the extent that they can, that all terms and conditions of all leases covered by the bond have been completed. Only when such a determination has been made can this office terminate the period of liability, that is, set a specific time after which no new liability or cause of action may accrue under the bond. The regulations do not allow any complete cancellation of a bond, nor do the regulations allow an "unconditional release" of the surety from any liability whatsoever.

The bond was accepted to provide bond coverage for producing lease interests held by the principal during the period from the date of its acceptance until BLM determined, to the best of its knowledge, that the bond was no longer required and terminated its period of liability effective (Date). The termination of liability would not preclude our assessing liability against the principal and surety if, for example, two years after termination of the period of liability, BLM discovers that a well has been improperly plugged and abandoned and has caused serious environmental damage. The fact that the period of liability of the bond has been terminated means only that the exact date has been set, beyond which no new cause of action may accrue. Therefore, we cannot grant you an unconditional release of your bond.

You indicate that our failure to provide total cancellation of the bond or termination of all liability under the bond may affect the return of the principal's collateral securing the bond. We regret that we cannot be of more help in this matter; however, it has always been our position that the financial arrangements made in regard to surety bonds are a private matter, between the principal and the surety, in which the BLM may not interfere.

If you have additional questions or concerns regarding the BLM bond regulations or policies, please contact us.

Sincerely,

Authorized Officer

Distribution:

Principal

Surety

Lease Case File (if individual bond)